

Belvedere:
Jerry Butler

May 11, 2005

TO: Executive Committee

Corte Madera:
Melissa Gill

RE: Strategic Plan Process and Near-Term Measure A Fund Allocations

Fairfax:
Lew Tremaine

Dear Executive Committee:

Larkspur:
Joan Lundstrom

Mill Valley:
Dick Swanson

Over the next several months, staff along with the Nolte Team, will be developing TAM's first Strategic Plan. There are several elements of the plan that will be discussed at various levels of the organization and governing bodies, along with the Measure A project and program claimants, prior to adoption. The purpose of this report is to address our approach to making near term allocations before the first Strategic Plan is adopted, along with providing guidance for implementing the decision making process for development of the plan.

Novato:
Pat Eklund

To ascertain the near term availability of Measure A funds, it is recommended an initial analysis be made of anticipated revenue versus funds available by strategy, and sub-strategies within. For purposes of this initial analysis, it is suggested the most conservative approach to the establishment of available funds be applied, using interpretation of the guidelines provided by the Sales Tax Expenditure Plan. When using a conservative approach, the initial analysis could include the following assumptions:

Ross:
Tom Byrnes

San Anselmo:
Peter Breen

San Rafael:
Al Boro

1. Net annual sales tax revenue available is a function of forecasted annual revenue less:

Sausalito:
Amy Belser

- a. Annual Board of Equalization Administration fees
- b. 1% of forecasted annual revenue for TAM administrative staff salaries and benefits
- c. 4% of forecasted annual revenue for TAM administrative costs
- d. Annualized Debt Service Cost on (assumed) \$30 M Bond

Tiburon:
Alice Fredericks

County of Marin:
Susan Adams
Hal Brown
Steve Kinsey
Charles McGlashan
Cynthia Murray

2. Net sales tax available by sub-strategy is a function of net annual sales tax revenue calculated per item 1 above, distributed by % per sub-strategy, as defined in the Expenditure Plan less:

- a. 10% Reserve
- b. Program Management Cost for Sub-strategy
- c. Finance cost for disbursements in advance of actual sales tax revenue, if needed*

* With the exception of item 2c., using the above assumptions provides for a conservative fund availability amount, by sub-strategy, per fiscal year. Item 2c. is included to address how to account for financing cost (except for cost of bond covered under item 1d. above), should funds be disbursed without availability of actual sales tax revenue. Several Strategic Plan policy issues will be discussed over the coming months to address timing of funds, prioritization, borrowing between strategies and sub-strategies, etc. which will formalize how financing

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charges are handled. For this interim financial outlook, staff suggests assuming finance charges will only be charged against the sub-strategy funded by advance, if Measure A cash reserves are not available. Another approach would be to assume a sub-strategy would be subject to financing charges applied to the entire amount above actual tax revenue collected and divided per above assumptions, regardless if a Measure A cash balance exists or not.

Staff suggests using the above assumptions to develop a draft financial outlook of available funds for use in entertaining near-term allocations prior to adoption of the first Strategic Plan. If allocations are made above values developed for each category in this outlook, additional financial considerations, which may or may not affect other sub-strategies in the plan will need to be addressed, on a case-by-case basis. Additionally, this draft financial outlook will be used as a tool in working with each of the potential Measure A claimants in development of the Strategic Plan.

In the months ahead, staff will continue to develop financial considerations and other policy & procedural questions and comments inherent in the first Strategic Plan for Board guidance and approval. The Technical Advisory Committee (TAC), forming this month, is expected to hold its first meeting in June. The Expenditure Plan requires the TAC to advise on infrastructure investments. Staff seeks guidance if all Strategic Plan elements, including policies and procedures, should also be reviewed by the TAC prior to TAM Board?

Recommendation

Staff recommends that the Executive Committee review the above assumptions and confirm the suggested financial outlook be used in entertaining near-term allocation requests prior to adoption of the Strategic Plan, and for discussion purposes with potential Measure A claimants.

The Expenditure Plan requires the TAC to advise on infrastructure investments. Staff recommends the Executive Committee provide guidance if TAC should also review all Strategic Plan elements, including policy and procedures, prior to TAM Board review?

Respectfully Submitted,

Craig Tackabery
Executive Director